



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2011 Biennium

<b>Bill #</b>	HB0267	<b>Title:</b>	Prescription drug database and monitoring program
<b>Primary Sponsor:</b>	Henry, Teresa K	<b>Status:</b>	As Introduced

- |   |  |  |
|---|--|--|
| <input type="checkbox"/> Significant Local Gov Impact     | <input checked="" type="checkbox"/> Needs to be included in HB 2 | <input type="checkbox"/> Technical Concerns              |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts           | <input type="checkbox"/> Dedicated Revenue Form Attached |

### **FISCAL SUMMARY**

	<b><u>FY 2010 Difference</u></b>	<b><u>FY 2011 Difference</u></b>	<b><u>FY 2012 Difference</u></b>	<b><u>FY 2013 Difference</u></b>
<b>Expenditures:</b>				
State Special Revenue	\$415,659	\$224,759	\$230,378	\$236,137
<b>Revenue:</b>				
State Special Revenue	\$415,659	\$224,759	\$230,378	\$236,137
<b>Net Impact-General Fund Balance</b>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

### **Description of fiscal impact:**

The fiscal impact of HB 267 is associated with creating, operating, and maintaining a controlled substance prescription database; developing, noticing, adopting rules, setting fees to administer and regulate the program; and hiring a 1.00 FTE pharmacist to manage and operate the program.

### **FISCAL ANALYSIS**

#### **Assumptions:**

1. HB 267 requires the Board of Pharmacy to create, operate and maintain a controlled substance prescription database. It is assumed the board will contract with a provider to develop and maintain the database; uploading prescription data on a weekly basis from approximately 249 in-state pharmacies and 280 mail order pharmacies. It is estimated that there will be initial one-time-only equipment and training expenses of \$202,000 in addition to operating expenses of \$7,500 per month. FY 2010 operating costs are estimated to total \$292,000. FY 2011 and subsequent year's costs are estimated to total \$123,400 (\$90,000 yearly costs to upload and maintain data + \$33,400 yearly maintenance fee for system).
2. HB 267 grants rule making authority to the board to implement the provisions of this bill. In FY 2010 it is assumed there will be five additional administrative rule pages at a cost of \$250. The department assumes the rules/fee notice and the adoption notice will be available on the board's website and interested parties will be notified by printed mail for a cost of \$150, affected licensees will be mailed a postcard instructing

them on how to access the website and information for a total cost of \$17,800. Total cost for rulemaking, notice, hearing, and adoption would be \$18,200.

3. HB 267 requires the board to hire a licensed pharmacist to manage and direct the establishment and maintenance of the prescription drug database for a cost of \$89,893 which includes salary and benefits. There would be a one time office set up for the pharmacist for a total cost of \$3,400 in FY 2010 plus non personal service expenses in the amount of \$10,766 per fiscal year for computer, telephone, and indirect costs. Total costs for FY 2010 would be \$104,059 and for FY 2011 would be \$100,659.
4. HB 267 gives the board the authority to establish an advisory group to provide advice for development and operation of the prescription drug database. It is assumed there will be 10 members on the advisory group. This group will meet via conference call two times in FY 2010 for the start up phase of the program and once every year after for monitoring purposes. The board will pay each member of the advisory group \$50 per diem for each conference call. FY 2010 per diem costs would be \$1,000. FY 2011 per diem costs would be \$500. The average cost of the conference call will be \$200. FY 2010 conference call costs would be \$400. FY 2011 conference call costs would be \$200.
5. HB 267 gives the board rule making authority to collect fees from all prescribers, dispensers, and distributors of controlled substances to sustain the Prescription Monitoring Program. The FY 2010 cost of the program is estimated to be \$415,659 (\$292,000 for database + \$89,893 for the Program Manager's salary and benefits + \$15,566 for office set up and non personal services, and \$18,200 for costs of rule making). The estimated license fees for the first year of the program are \$46.70 per licensee (\$415,659 = \$46.70 x 8,900).
6. FY 2011 costs are estimated at \$224,759 (\$89,893 in employee costs + \$11,466 for non personal service expenses + \$90,000 to upload and maintain the data + \$33,400 yearly system maintenance fees). The estimated license fee for FY 2011 will be \$ 25.25 per licensee (\$224,759 = 8,900 licensees x \$25.25 annually).
7. 2.5% inflation factor is applied to FY 2012 and FY 2013.

	<b><u>FY 2010</u></b> <b><u>Difference</u></b>	<b><u>FY 2011</u></b> <b><u>Difference</u></b>	<b><u>FY 2012</u></b> <b><u>Difference</u></b>	<b><u>FY 2013</u></b> <b><u>Difference</u></b>
<b><u>Fiscal Impact:</u></b>				
<b>FTE</b>	1.00	1.00	1.00	1.00
<b><u>Expenditures:</u></b>				
Personal Services	\$89,893	\$89,893	\$92,140	\$94,444
Operating Expenses	\$325,766	\$134,866	\$138,238	\$141,694
<b>TOTAL Expenditures</b>	<b>\$415,659</b>	<b>\$224,759</b>	<b>\$230,378</b>	<b>\$236,137</b>
<b><u>Funding of Expenditures:</u></b>				
State Special Revenue (02)	\$415,659	\$224,759	\$230,378	\$236,137
<b>TOTAL Funding of Exp.</b>	<b>\$415,659</b>	<b>\$224,759</b>	<b>\$230,378</b>	<b>\$236,137</b>
<b><u>Revenues:</u></b>				
State Special Revenue (02)	\$415,659	\$224,759	\$230,378	\$236,137
<b>TOTAL Revenues</b>	<b>\$415,659</b>	<b>\$224,759</b>	<b>\$230,378</b>	<b>\$236,137</b>
<b><u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u></b>				
State Special Revenue (02)	\$0	\$0	\$0	\$0

**Technical Notes:**

1. The board has applied for a grant through the federal Department of Justice to implement all costs associated with the start up of a prescription drug monitoring program. The total amount of the grant, if awarded, would be \$400,000.

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*Sponsor's Initials*

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*Date*

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*Budget Director's Initials*

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*Date*